



Linda M. Hodgdon
Commissioner
(603) 271-3201

STATE OF NEW HAMPSHIRE

Department of Administrative Services
RISK MANAGEMENT UNIT
State House Annex – Room 412
25 Capitol St.
Concord NH 03301

Monica A. Cioffi
Administrator
(603) 271-3180

September 2011

Subject: State of NH Retiree Health Benefit Changes

Dear State Retiree Health Plan Member:

As you may know, the NH Legislature curtailed funding for state retiree benefits during its 2011 session. As a result, the retiree health benefit program recently sought approval from the legislative Fiscal Committee to make plan design changes to keep coverage costs within the budgeted amounts.

This letter is to let you know that, effective January 1, 2012, some of your state retiree health benefits will change. You will be receiving detailed information regarding all of the changes during November. In addition, you will be invited to attend informational sessions throughout the State during the fall. In this letter, we simply want to introduce the changes and assure you that any questions you have will be answered over the coming months.

Although the proposed changes are designed to save money with the least impact on your coverage and costs, they are likely to increase your out-of-pocket costs to some degree.

Changes to Prescription Drug Benefits

Prescription drug co-pays will increase for both early retirees (i.e., pre-Medicare eligible) and those in the over-65 (i.e., Medicare-eligible) retiree plan. The new co-pays will be \$10/\$20/\$35 for generic, preferred brand and non-preferred brand, respectively, at retail. They will be \$1/\$40/\$70 for a 3-month supply of those drugs by mail.

In addition, generic equivalents and generic alternatives will become mandatory, unless your physician determines you cannot take them for medical reasons. The program will also enforce FDA-approved quantity limits for certain medications.

Finally, the program is instituting a number of clinical programs to help ensure that your prescriptions and the prescribed dosages are appropriate for your condition.

If you are affected by a new prescription drug requirement or program, you will receive a personalized letter from the program's pharmacy manager, Local Government Center in partnership with CVS/Caremark, describing it in detail.

Changes to Medical Benefits

If you participate in the over-65 (Medicare-eligible) plan, there will be only one change to your medical benefits in 2012. Starting next year, the State will no longer pay your Medicare Part B deductible, which is currently \$162 per year. Instead, you will be responsible for paying this amount yourself.

If you are an early retiree, there are a number of changes to your medical coverage:

- You will have to meet an annual deductible of \$500 per person for all health care services for which no co-payment is charged at the time of service. Married couples covered by the plan will have an annual deductible of \$1,000. This means that each year, you will be responsible for the first \$500 of outpatient and inpatient medical charges.
- The co-payment for emergency room services will increase from \$50 to \$150 per visit. Visits to urgent care centers will remain at \$50 per visit.
- There will also be a new co-payment for specific, high cost radiological services. These diagnostic tests, such as MRIs, CAT scans and PET scans, will be subject to a \$150 co-pay per test, as well.

These new or higher co-payments are designed to encourage you to limit your use of these very costly services. In almost all cases, a lower-cost alternative will be available, such as urgent care centers and the facilities available through the *Compass Smart Shopper Program*.

A Final Word

As you learn more about these changes, please keep in mind that they are intended to help ensure that your medical and prescription drug benefits can be sustained for you and future retirees in the years ahead. Please keep in mind that the program is committed to helping you understand your benefits, the changes that are being made and the opportunities available to you to manage your health care costs as effectively as possible.

As mentioned above, additional information and meetings will be made available during the fall. In the meantime, if you have urgent questions that cannot wait, you can call the program benefit administrators (CVS/Caremark customer service for prescription drugs at 1-888-726-1630 or Anthem for medical at 1-800-933-8415).

Sincerely,



Monica A. Ciolfi
Administrator of Risk and Benefits